

CCH Board Meeting August 2019



Ekerete Akpan, Chief Financial Officer

August 30, 2019



**COOK COUNTY
HEALTH**

Finance & Volumes



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HEALTH

Observations on Financials

Revenues

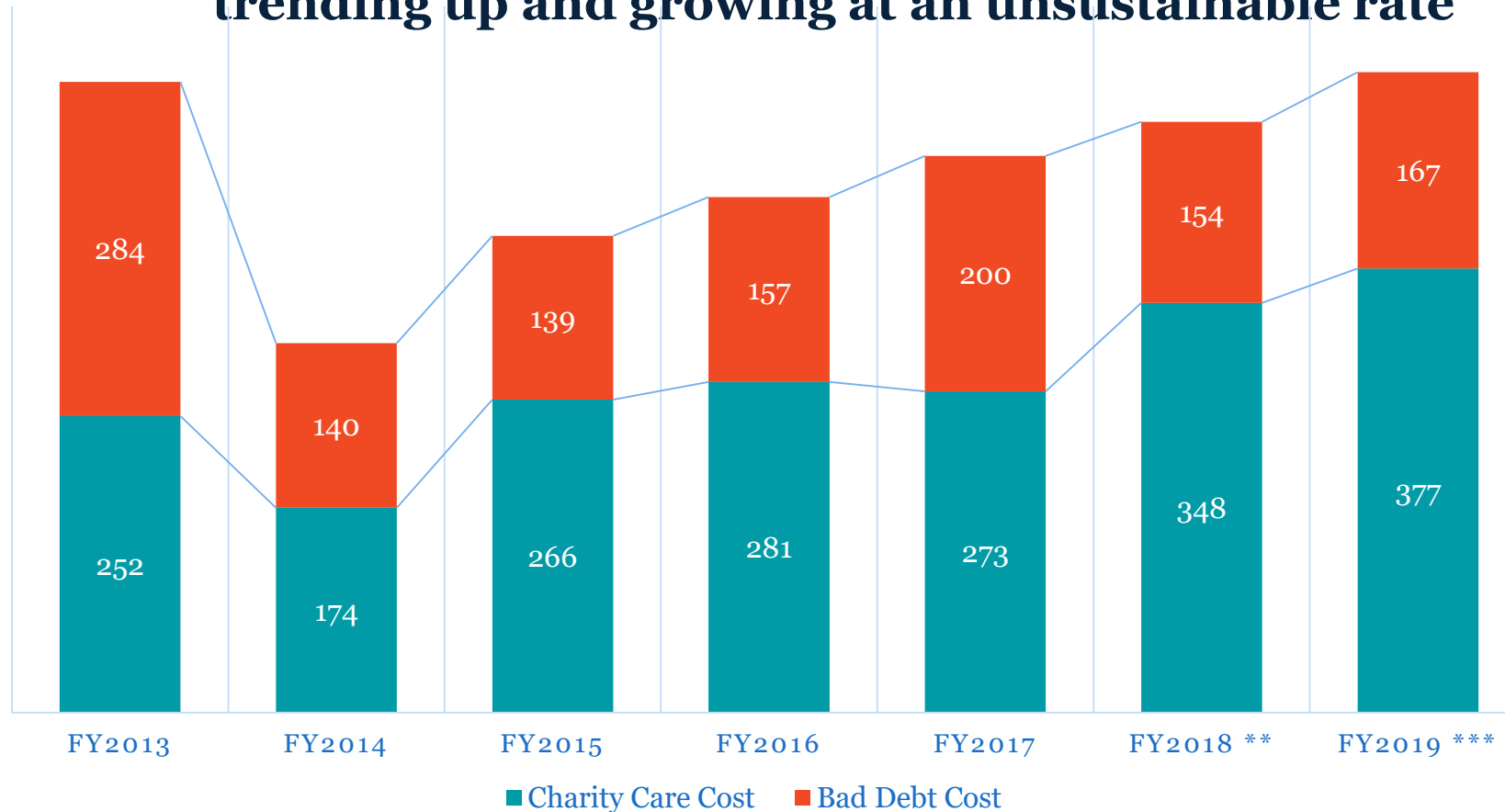
- Net Patient Service Revenues - \$408M, 4% unfavorable to target due to increasing and unsustainable growth in charity care and some lower clinical activity
 - System-wide uninsured numbers
 - Captured by Visits, held at 44%
 - Captured by Charges, held at 40%
- CountyCare Capitation Revenues - \$1.1B, 3% unfavorable to target due to lower than budgeted enrollment as a result of lower State/County MCO enrollment
- Other Revenues - \$2.8M , ongoing review of outstanding payments to ensure we get caught up by year end

Expenses

- Cost of Pharma - \$46M, favorable by 2% compared to budget

CCH Uncompensated Care* (in \$millions)

trending up and growing at an unsustainable rate



* Uncompensated Care is Charity Care + Bad Debt at cost

** FY2018 Actual from Audited Financials

***FY2019 projected



Income Statement for the Seven Months ending June 2019 (in thousands)

CCH Systemwide	Year-To-Date		Variance	
	Actual	Budget	\$	%
<u>Operating Revenue</u>				
Net Patient Service Revenue	408,196	424,124	(15,928)	-4%
County Care Access Payments	242,290	-	242,290	n/a
CountyCare Capitation Revenue	1,029,928	1,062,687	(32,759)	-3%
Cook County Access Payments	32,626	32,626	-	0%
Other Revenue	2,849	7,583	(4,735)	-62%
Total Operating Rev	1,715,889	1,527,021	188,869	12%
<u>Operating Expenses</u>				
Salaries & Benefits	385,278	415,997	30,719	7%
Overtime	25,537	20,884	(4,652)	-22%
Contracted Labor	25,989	19,904	(6,086)	-31%
Pension*	64,125	190,962	126,837	66%
Supplies & Materials	26,359	43,766	17,406	40%
Pharmaceutical Supplies	46,325	47,150	824	2%
Purch. Svs., Rental, Oth.	145,706	195,346	49,640	25%
External Claims Expense	903,919	826,332	(77,587)	-9%
County Care Access Expense	242,290	-	(242,290)	n/a
Insurance Expense	15,564	17,171	1,607	9%
Depreciation	20,244	20,244	-	0%
Utilities	12,393	5,767	(6,627)	-115%
Total Operating Exp	1,913,730	1,803,521	(110,208)	-6%
Operating Margin	(197,841)	(276,501)	78,660	28%
Operating Margin %	-12%	-18%	7%	36%
Non Operating Revenue	115,624	151,398	(35,774)	-24%
Net Income/(Loss)	(82,217)	(125,103)	42,886	34%



Balance Sheet for the Seven Months ending June 2019 (in thousands)

CCH - Balance Sheet Summary	June 2019	June 2018	Variance
<u>Current Assets</u>			
Cash and Cash equivalents	97,493	241,676	(144,182)
Property Taxes Receivable	71,407	85,499	(14,092)
Receivables	505,854	181,086	324,767
Inventory	14,115	27,618	(13,503)
Total Current Assets	688,869	535,880	152,990
Refundable Deposit	55,000	50,000	5,000
Intangible Assets-Net	21,981	31,864	(9,883)
Capital Assets	492,893	436,470	56,424
Total Assets	1,258,743	1,054,214	204,530
<u>Deferred Outflow</u>			
Deferred Outflow	372,465	630,938	(258,473)
Total Deferred Outflow	372,465	630,938	(258,473)

Balance Sheet for the Seven Months ending June 2019 (in thousands)

CCH - Balance Sheet Summary	June 2019	June 2018	Variance
<u>Current Liabilities</u>			
Cash Due to Treasurer	17,965	0	17,965
Accounts Payable	127,025	244,201	(117,176)
Accrued Salaries, wages and other liabilities	10,941	12,537	(1,595)
Claims payable	398,916	337,712	61,204
Compensated Absences	6,676	6,654	22
Pension contribution payable	66,386	51,274	15,113
Unearned revenue	15,726	15,985	(259)
Due to State of Illinois	-	(0)	0
Due to other county governmental funds	43	43	-
Due to others	6,994	0	6,994
Self-insurance claims payable	41,897	32,765	9,132
Total Current Liabilities	692,571	701,171	(8,600)
Compensated Absences	37,829	37,705	124
Self-insurance claims payable	137,913	138,832	(919)
Reserve for tax objection suits	12,342	13,003	(661)
Net pension liability	4,838,133	4,504,508	333,625
Total Liabilities	5,718,787	5,395,217	323,570
Deferred Inflow			
Deferred Inflow	757,108	561,886	195,222
Total Deferred Inflow	757,108	561,886	195,222
Net position			
Contributed Capital	500,687	445,806	54,881
Unrestricted	(5,345,373)	(4,754,014)	(591,360)
Total net position	(4,844,686)	(4,308,208)	(536,478)



Financial Metrics

Metric	As of end June-18/YTD	As of end June-19/YTD	CCH Target	Best Practice Target
Days Cash On Hand*	34	13	60	204.7
Operating Margin**	-6.0%	-9.1%	-5.4%	2.7%
Overtime as Percentage of Gross Salary***	7.6%	7.1%	5.0%*	
Average Age of Plant (Years)****	24.4	23.2	10.7	11.2

*Days Cash in Hand – Point in time i.e. as of end of each month. Note State owed CCH **\$298M** in payments as of end June 2019 Moody's 204.7%

Excludes Pension Expense-Target based on compare group consisting of 'like' health systems : Alameda Health System, Nebraska Medical Center, Parkland Health & Hospital System, and UI Health. (Best Practice Target**)-Moody's report, August 2017 2.7%

***Overtime as percentage of Gross Salary – CCH target 5% , Moody's 2% Report, August 2017

**** Average age of plant (years) (**Best Practice Target**)-Moody's report, August 2017 11.2 years



Revenue Cycle Metrics

Metric	Average FYTD 2019	May-19	June-19	July-19	CCH Benchmark/Target	Best Practice Target
Average Days in Accounts Receivable <i>(lower is better)</i>	98	93	97	102	45.85 – 54.9*	47.8**
Discharged Not Finally Billed Days <i>(lower is better)</i>	11	10.5	12	12	7.0	
Claims Initial Denials Percentage <i>(lower is better)</i>	20%	19%	17%	15%	20%	

Definitions:

Average Days in Accounts Receivable: Total accounts receivable over average daily revenue

Discharged Not Finally Billed Days: Total charges of discharge not finally billed over average daily revenue

Claims Initial Denials Percentage: Percentage of claims denied initially compared to total claims submitted.

* Source HFMA Key Hospital Statistics and Ratio Margins – Posted 2014

** *(Best Practice Target)*-Moody's report, August 2017 47.8 days

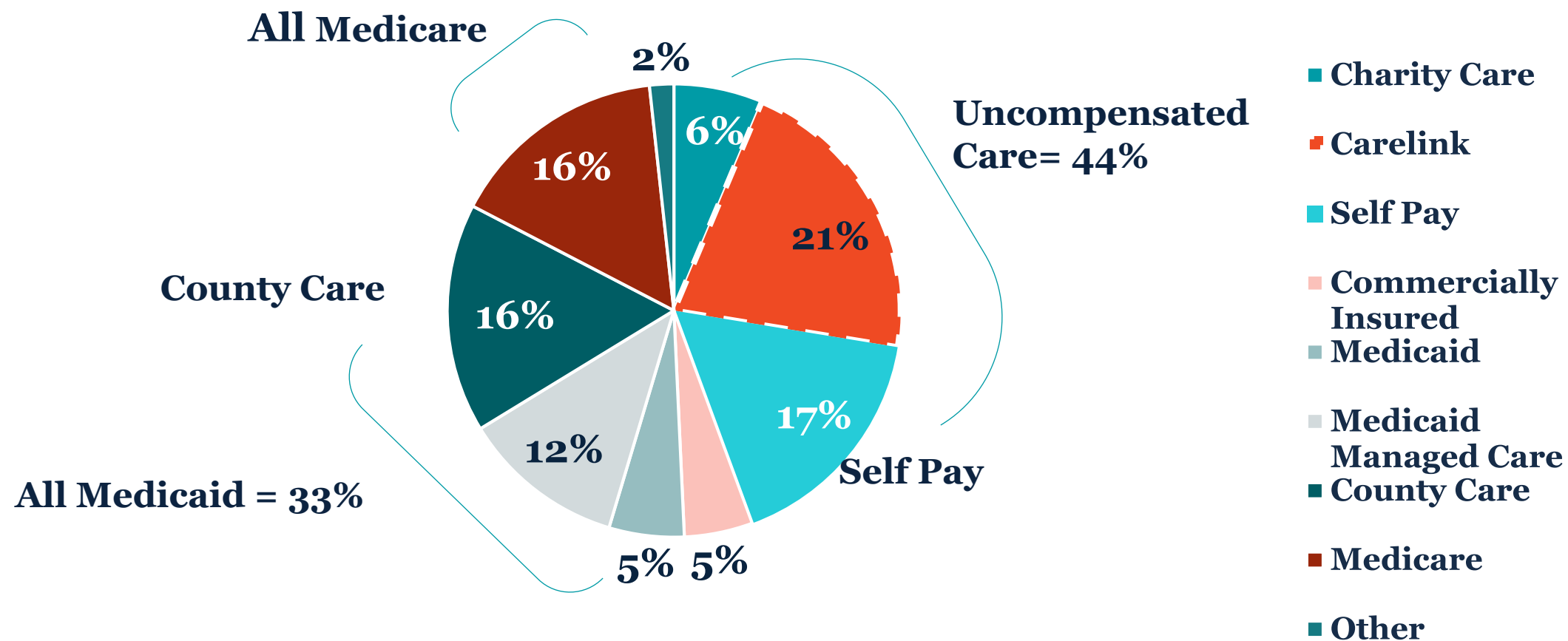


Clinical Activity Observations

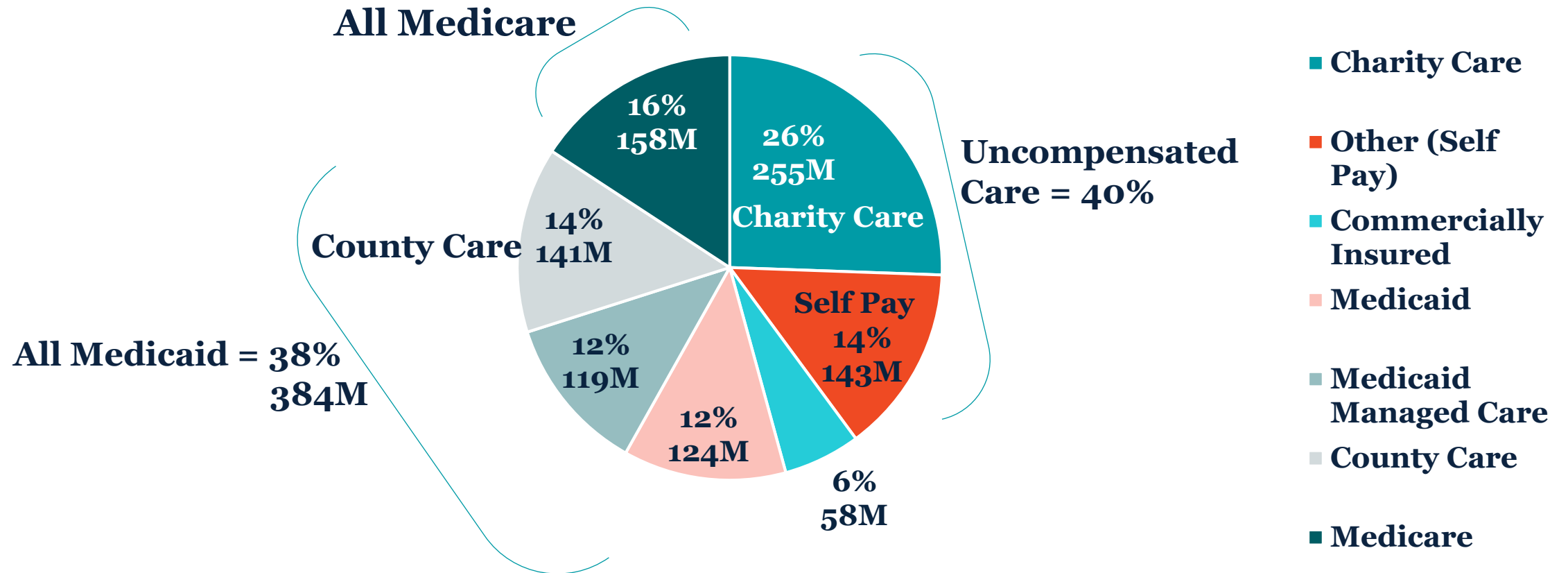
- Primary Care visits are up by 9% versus FY18, and up 4% versus FY19 target
- Specialty Care visits are up by 4% versus FY18, and down 1% versus FY19 target
- Surgical Cases are down by 4% versus FY18, and down 9% versus FY19 target
- Inpatient Discharges are down 8% versus FY18
- Emergency Department visits are down 1% versus FY18
- Deliveries are up by 4% versus FY18, and down 7% versus FY19 target
- CMI is up by 6% versus FY2018



System Payor Mix By Visit as of June 2019



System Payor Mix By Charges as of June 2019



Questions?



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